

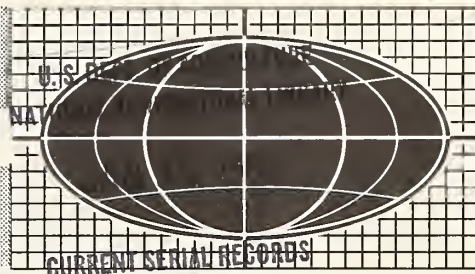
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THE FAR EAST AND OCEANIA AGRICULTURAL SITUATION

✓ 1968 MIDYEAR REVIEW



HIGHLIGHTS

Much of the Far East and Oceania so far in 1968 have had normal or above normal rainfall. For most of the region, total agricultural production in 1968/69 is expected to equal or exceed last year's level. Exceptions include mainland China and South Korea; large areas of both countries have suffered from unfavorable weather.

Rice harvests in 1968/69 will probably be up in the Philippines, South Vietnam, Thailand, Malaysia, Indonesia, Ceylon, Pakistan, and Australia. Smaller rice harvests than last year are anticipated for mainland China, South Korea, India and Japan. The 1968/69 wheat crop in Australia is officially forecast at a record 14.4 million metric tons. With normal weather, both India and Pakistan can be expected to harvest near-record wheat crops, but mainland China's wheat harvest is reduced. Corn production will be up significantly in India, Pakistan, and Thailand. Grain sorghum harvests will be larger in India.

Production of oilseeds may be down in 1968/69 largely because of unfavorable weather in major producing areas of India and mainland China. Fruit and vegetable production will be at record levels in almost every country. The cotton crop will probably be slightly larger in Pakistan this year but is likely to be smaller in India and mainland China.

Australia this season has much improved pastures, because of good rains, and a resulting very strong demand for breeding livestock. Consequently, the number of animals slaughtered will be down in the latter half of 1968. On the other hand, cattle slaughterings in New Zealand in 1968/69 are expected to number 20 percent above 1967/68.

Japan is the most important importer of farm commodities in the Far East and the major outlet for U.S. agricultural products. In the first 6 months of

1968, Japan's imports of soybeans were up about 12 percent and totaled 1.2 million tons. U.S. soybeans accounted for over 1 million tons, up some 17 percent. The United States supplied over half of Japan's imports of corn in January-June 1968, compared with 47 percent for the same period last year. Imports of U.S. wheat were up 7 percent in the first half of 1968.

India is the region's second largest importer of U.S. farm commodities, mostly grains; most move under P.L. 480. Imports of food grains during January-June 1968 totaled 3.5 million tons, compared with 4.2 million during the first 6 months of 1967. The volume of grains from the United States showed little change but included more wheat and less grain sorghum. India is seeking 7.5 million tons of breadgrain for delivery during calendar 1968 to build a sizable buffer stock and still meet the requirements of the public distribution system.

Mainland China's food grain imports (mostly wheat) in 1968/69 are expected to exceed the previous year's 4.2 million tons; its rice exports are not expected to increase.

The quantity of rice available for export in 1969 should be up in Thailand, Burma, and Pakistan. Australia will have considerably more wheat for export. More corn will be available for export from Thailand. A significant development in the agricultural trade of several Asian countries is the increased diversity of products for export, particularly processed products.

The region's increasing potential in raising per-acre yields due to improved varieties was demonstrated on a wide scale with the 1967/68 grain crops. Gains were reported for rice from the Philippines, India, South Vietnam, and elsewhere. Good results from improved wheat varieties accounted for much of the gains in production in India and Pakistan. Every country in South and Southeast Asia reports substantial increases in 1968/69 for acreage devoted to higher yielding varieties. Consumption of chemical fertilizers is increasing very rapidly. Farm mechanization is beginning to have an impact on production. The use of pesticides, fungicides, and other plant protection measures is expanding rapidly.

New approaches to external aid for the development of agriculture in the underdeveloped countries are emerging as traditional aid sources decline. Many new initiatives toward agricultural improvements are coming from within the region. In Japan, both government and private interests are accelerating their participation in the development of agriculture in the countries of Southeast Asia.

Policies designed to increase national self-sufficiency in foodstuffs remain dominant in most Asian countries. Policies to increase agricultural trade within the region are being pushed, particularly by Australia and Japan.

FARM PRODUCTION

For most countries of the Far East and Oceania, total agricultural production in 1968/69 is expected to equal or exceed the level of the previous

year, which was record large for the region as a whole. Generally favorable weather is an important reason. In addition, record use of chemical fertilizers in practically every country, rapid increases in the planting of new improved varieties of grains, more multiple cropping, and wider use of improved farming techniques have all contributed.

Weather: Normal or above normal rainfall has been experienced throughout much of the region so far in 1968. Outstanding exceptions include the northern half of mainland China and the central and southern parts of South Korea, where crops suffered from very dry weather. On the Indian subcontinent, the monsoon rains have been below normal in parts of central and southern India, but by October good rains had fallen on most other important agricultural areas. In areas north and east of the Bay of Bengal, excessive rainfall was experienced rather generally--to the point where crop production in eastern India, East Pakistan, and Burma will be lower than anticipated. Flood damage was serious in some parts of Rajasthan and Gujarat in western India. The southern half of mainland China and the Huai River Valley also suffered from excessive rainfall and flooding. Good rains have been widespread in Australia following a rather severe drought in 1967.

Crop Production: Rice is the most important crop and is the staple item in the diet of the peoples of all countries of the region except Afghanistan, Australia, and New Zealand. The year 1967/68 was one of generally good rice harvests. For 1968/69, harvests will likely be larger in Philippines, South Vietnam, Thailand, Malaysia, Indonesia, Ceylon, Pakistan, and Australia. Smaller harvests are anticipated for mainland China, South Korea, India, and Japan. Except in Japan, these declines were due to unfavorable weather. In Japan, the planted acreage is down somewhat and the unusually high yield of 1967/68 will not likely be matched.

Australia's wheat crop, which will be harvested in December-January, is officially forecast at a record 14.4 million metric tons from a record planted area of 26 million acres. The wheat harvests in Japan and Korea are expected to be little changed from those of 1967. Assuming a normal rainfall pattern on the Indian subcontinent over the next 4 months, both India and Pakistan could have wheat harvests approaching the record 1967/68 crops, as larger acreages will be under irrigation and more land will be planted to the new high-yielding varieties. The use of fertilizers, fungicides, and pesticides will also continue upward. Mainland China's wheat harvest in 1968 is well below the good outturn of 1967.

Good crops of most other grains are anticipated for most countries. Corn production will be up significantly in India, Pakistan, Thailand, and possibly Indonesia and the Philippines. Widespread adoption of hybrid seeds, some increase in acreage, and generally favorable market prospects contribute to this outlook. Use of improved seeds promotes prospects for an increased outturn of grain sorghums in India. Australia's still small production of grain sorghums is being rapidly increased due to the prospect for a favorable market in Japan, and production will be at a record level in 1968/69.

Production of oilseeds may be down in 1968/69. Dry weather in northern mainland China will probably reduce the outturn of soybeans; production of

peanuts and rapeseed also appears to be less, reflecting unfavorable weather. In India, peanut production will suffer from delayed rains followed by damaging floods in some major growing areas. Japan's production of soybeans and rapeseed, the two major oilseed crops, continues to decline. The 1968 crop of rapeseed was planted during unfavorable weather and the area is estimated at 106,000 acres, or about 21 percent below that of last year.

Most countries of the region are successfully encouraging crop diversification. Fruit and vegetable production will be at a record level in almost every country. The outturn of most traditional tropical export crops, including tea, sugar, coconut products, and spices, is expected to change only slightly if at all in 1968/69. Jute production will be down in India and Pakistan owing to widespread flood damage. Cotton production may increase slightly in Pakistan from last year but will probably be lower in India and mainland China.

Livestock: Except for draft animals, livestock have traditionally played a relatively small role in the agricultural economies of most Asian countries. With increasing prosperity, especially in Japan but also in several other countries, consumption of livestock products has been rapidly increasing. Poultry and egg production in 1968 has continued sharply upward. Also, production of swine, beef, and dairy products has continued to increase. In 1968, Japanese livestock breeders have shown much interest in imported high-quality breeding animals for expanding and improving production.

Livestock and livestock products play a very significant role in the agricultural economies of Australia and New Zealand. The drought-breaking rains and resulting improved pastures in Australia have created a strong demand for breeding stock. Thus, livestock slaughterings are expected to number lower in the latter half of 1968. Nevertheless, meat production in 1968 is expected to increase due to heavier slaughter weights of cattle and sheep. In New Zealand, cattle slaughterings in 1968/69 are expected to increase 20 percent over a year earlier.

FOREIGN TRADE IN FARM PRODUCTS

Imports: Japan is by far the most important importer of agricultural products in the region. India is second. Japan is the largest cash market in the world for U.S. farm products, and India represents the largest outlet for P.L. 480 sales.

For the first half of 1968, Japan's imports of soybeans totaled approximately 1.2 million tons, about 12 percent above the same period of the previous year. Imports of U.S. soybeans alone amounted to slightly over 1 million tons, showing an increase of 17 percent. Imports of U.S. soybeans may increase as a result of a partial reduction in Japan's import duty, negotiated in the Kennedy Round. The new rate also applies, however, to other soybean exporters to Japan. The rate, effective July 1, is 3.84 yen per kilogram, 20 percent below the general rate of 4.80 yen per kilogram (\$10.67 per metric ton). Further reductions are scheduled in 1970, 1971, and 1972. After the final reduction, the rate will be 2.40 yen per kilogram.

The United States supplied over half of Japan's imports of corn for the first 6 months of 1968. This compares with 47 percent for the same period last year. Maintenance of this high rate of corn exports to Japan during the latter part of 1968 is questionable. Some of Japan's higher imports of corn in earlier months of 1968 likely resulted from the more favorable price for corn versus grain sorghum. Imports of U.S. corn during the remainder of 1968 will also be affected by a new corn agreement Japan has negotiated with Thailand. If Japan's future trade negotiations with mainland China involving corn are successful, U.S. corn exports to Japan may be affected. A new competitive element during 1968/69, aside from the expected increased marketings of Australian sorghum in Japan, is the entrance of French feed barley into the Japanese market. The Japanese Food Agency has indicated it expects to import 596,000 tons of feed barley in 1968/69.

Consumption of wheat in Japan in July 1967-June 1968 was estimated at 5.1 million tons; consumption will probably remain at that level in 1968/69. Imports of U.S. wheat during the first half of calendar 1968 were about 7 percent above those of last year, but the U.S. share of the market could decline by the end of the year because of increased competition from Australia and France. Japan's imports of cotton during August 1967-July 1968 were close to the record level of 1966/67. Syria, Turkey, Pakistan, and the U.S.S.R. increased their shares of of the Japanese cotton market at the expense of the United States, Mexico, and Brazil.

During January-June 1968, India imported 3.5 million tons of food grains, compared with 4.2 million tons during the comparable period in 1967. Imports of American wheat under Title I of P.L. 480 increased from 1.8 million tons during January-June 1967 to 2.6 million tons during the first 6 months of 1968, while imports of grain sorghum via Title I dropped from 1.1 million tons to 476,000. Imports of food grains from sources other than the United States declined from 1.2 million tons in January-June 1967 to only about 300,000 in the comparable period of 1968. India is seeking 7.5 million tons of breadgrain, mainly from the United States, Canada, and Australia for delivery in 1968 to build a sizable buffer stock and still meet the requirements of the public distribution system.

Ceylon's rice imports may increase this year because of larger deliveries from mainland China through the rubber-for-rice trade agreement with Peking. During January-June 1968, Ceylon imported 131,000 tons of Chinese rice, compared with 107,000 tons in the first 6 months of 1967. Ceylon's total imports of rice increased during the period from 243,000 a year earlier to 257,000 tons. Takings from Thailand increased while those from Burma declined sharply.

Consumption of wheat flour has increased rapidly in Ceylon because prices are much lower than those for rice. The expected arrival of about 230,000 tons of American wheat flour in 1968 under Title I of P.L. 480 may cause total imports of wheat flour to exceed the record imports of 495,000 tons in 1967. Imports of Australian wheat flour are again expected to be large, but imports of Italian flour will be far below the 141,000 tons of 1967. Ceylon will buy some 70,000 tons of wheat in 1968 for the new flour mill in Colombo.

At least partly as a result of internal turmoil, mainland China's foreign trade dropped sharply in the latter half of 1967. It will not fully recover in 1968. However, because of lower farm production resulting from unfavorable

weather in 1968, food grain imports in 1968/69 are expected to exceed the previous year's level of approximately 4.2 million tons. These imports, consisting mainly of wheat, come largely from Australia, Canada, and France.

Pakistan has represented an important outlet for U.S. wheat and other products under the provisions of P.L. 480. However, owing to good crops, imports should be down in 1968/69. As a result of drought and rising consumer demand, South Korea's imports are up substantially in 1968. Korea estimates wheat imports in 1968 at 900,000 tons to 1 million tons, compared with 636,000 in 1967. Rice imports are forecast at 400,000 tons, compared with 140,000 tons in 1967 and negligible quantities in earlier years. Cotton imports reached 91,000 tons in 1967 and will again increase in 1968. Indonesia's imports of rice and other food commodities will be up in 1968/69, in large part because of increased U.S. concessional sales. Good harvests will probably reduce South Vietnam's imports of U.S. rice under P.L. 480 in 1968/69.

The Philippines, Hong Kong, and Taiwan are important and growing markets for agricultural products and usually follow Japan in that order as cash markets for American farm products in the Far East and Oceania region. U.S. exports of wheat to the Philippines in January-June 1968 totaled 324,000 tons. This compares with the previous high for January-June of 243,000 tons in 1966. U.S. exports of wheat to Taiwan in January-June 1968 totaled 247,000 tons, compared with the previous high of 169,000 tons in January-June 1965. Hong Kong's imports of U.S. rice during the year ended June 1968 totaled 75,000 tons, compared with only 3,000 tons in the previous 12 months. Rice imports into Hong Kong were at record levels in the first part of 1968, partly due to scare buying brought about by conditions in mainland China and reports of short crops in other traditional supplying countries. By mid-1968, rice stocks were at record levels; thus, a lower level of imports can be expected in coming months.

Exports: Australia is the most important exporter of agricultural products in the region. Drought cut the value of Australia's exports for 1967/68 to an estimated \$2 billion, compared with \$2.3 billion the year before. Exports of beef, veal, and mutton to the United States in 1968 are estimated at 215,000 tons or about 5 percent below last year. However, as a result of the anticipated record wheat crop and generally good harvests of other crops, Australia is likely to export a record volume of agricultural products in 1968/69.

Rice production in Australia set a new record for the seventh consecutive year with an estimated outturn of 220,000 tons of paddy in 1967/68. Traditionally, Australia's rice has been chiefly short-grain, but good progress in establishment of long-grain varieties is expected to make more long-grain rice available for export. This could result, not only in decreases in imports of U.S. rice, but also in greater competition facing U.S. rice in certain Asian dollar markets.

New Zealand's economy still suffers from low wool prices. Exports amounted to 620 million pounds valued at \$194 million in 1967/68. This compares with the previous year's exports of 527 million pounds valued at \$243 million. Butterfat prices have been reduced and the export prospect for this item is discouraging. Although prices of most dairy products have declined, export prospects for other products are generally more favorable than for butter. Meat exports for 1967/68 were up from the year before. Shipments totaled about 590,000 tons valued at \$320 million, compared with 509,000 tons valued at \$287 million in 1966/67.

Efforts to diversify New Zealand's foreign trade were evidenced in recent months by its signing of bilateral agreements with Yugoslavia and the Philippines. The trade arrangement with Yugoslavia stipulates that the Yugoslavs will take New Zealand wool and dairy products valued at \$4.5 million in return for New Zealand purchases of railway equipment from Yugoslavia. The Philippine agreement, on the other hand, provides for most-favored nation tariff treatment of commodities in each country's respective markets.

Thailand is second to the United States as an exporter of rice. The unofficial Thailand export goal for 1968 is down to 1 million tons, compared with 1.4 million tons shipped in 1967. Fear of a domestic shortage led the government to limit exports early this year. As a result, rice exports for the first 8 months of 1968 totaled only 620,000 tons, a 45 percent drop from the same period in 1967. The limitation on exports was removed in early September and with the outlook for a good 1968/69 harvest, Thailand's exports in 1969 may again reach prior levels.

Corn has become second only to rice as an export from Thailand. Exports this year are expected to total 1.5 million tons, most of which will go to Japan. This is an increase from the 1.1-million-ton level shipped in 1967. The Japanese Feed Trade Association, handling corn purchases from Thailand, concluded an agreement in July for shipments from September 1968 through June 1969. The agreement indicates a target of 780,000 tons with a minimum of 584,000 or a maximum of 896,000 at the seller's option. The price will equal the Chicago price of U.S. grade #2 yellow and is to be fixed 30 days prior to shipment. This gives Thai corn an advantage because shipping costs are less than for U.S. corn.

Only a few years ago, Burma was the world's leading rice-exporter, shipping over 1.6 million tons yearly on the average during the first half of the 1960's. But low internal prices and changes in marketing procedures have sharply reduced quantities available to the government for export in recent years. For the year ended September 30, 1968, exports are estimated at only 300,000 tons, compared with about 600,000 tons in the previous 12 months. Burma may have about a half million tons available for export in the year beginning October 1, 1968.

The Philippines, for many years a significant rice importer, exported a small quantity in early 1968. The country hopes to become a permanent exporter as a result of the spreading use of high-yielding rice varieties. Despite the good rice harvests in 1967, mainland China's exports of rice in 1968 may only approximate the 1.1 million tons exported in 1967 because of the expected lower production in 1968. Due to success with IR-8 rice, West Pakistan is reported to have about a half million tons for export in 1968/69.

A significant development in the agricultural trade of several Asian countries is the increase in diversity of products produced for export, particularly processed products. For example, much of the world's pineapple canning for export is now located in the region. Taiwan is the world's leading exporter of canned pineapple, Malaysia is second, and the Philippines ranks high. Production of numerous other fruits and vegetables for both fresh consumption and for processing for export is increasing in a number of these countries. Vegetables are now being canned in Korea for export, and fruit juices, jellies, and preserves are now significant items in Pakistan's export trade.

AGRICULTURAL DEVELOPMENT

Much of the improved food-production outlook in South and Southeast Asia is based upon the increased use of improved varieties of seeds, increased application of fertilizer and pesticides, and other improved farming techniques.

New Varieties: The higher yield potential due to the use of improved varieties in the region was demonstrated on a wide scale for the first time with the 1967/68 grain crops. Since much of the very best land was planted to improved varieties, the recent results could exaggerate the future potential. Very encouraging results are being reported, however. In the Philippines some 13.4 percent of the wet-season rice area was planted to improved varieties, and this area produced 28.2 percent of the total wet-season rice harvest. Encouraging results for both wheat and rice have been reported in India, Pakistan, South Vietnam, Indonesia, and in some other parts of the region.

The improved varieties of rice are largely products of the International Rice Research Institute at Los Baños, Philippines. The most noteworthy are the IR-8 and IR-5 varieties. However, many other high-yielding varieties developed by researchers in the various rice-growing countries are also being planted. The improved varieties of wheat in India and Pakistan have been developed from short-stem, high-yielding varieties developed in Mexico. Use of hybrid corn seed is also expanding rapidly, and in India, plantings of improved grain sorghum varieties are showing good results.

Every country in South and Southeast Asia reports that the acreage devoted to high-yielding varieties will be substantially increased in 1968/69. Pakistan, for example, with 15.2 million acres in wheat, had 2 million planted to high-yielding varieties in 1967/68, and plans to plant over 4 million in 1968/69. About 5 percent of the rice area in South and Southeast Asia in 1968/69 is expected to be planted to new varieties of rice. Constraints on expansion of the area planted to high-yielding varieties include a shortage of trained research and extension personnel, inadequate transportation and distribution systems, and a shortage of chemical fertilizers. Without adequate fertilization, traditional varieties usually give better results than the newer kinds.

Having successfully attained high volume and faster growth with their new varieties, researchers in the Philippines and elsewhere have shifted emphasis to the elimination of unfavorable qualities. For example, IR-8 rice is susceptible to bacterial leaf blight, fungus, and some kinds of rice blast. Unless thoroughly dried, which is difficult under humid tropical conditions, it sprouts quickly in storage, tends towards poor milling quality, and is not acceptable to all tastes. Other improved varieties have fewer of these characteristics, but usually have other weaknesses. The new varieties have forcefully brought out the need for improvements in processing and marketing systems.

Fertilizers: Consumption of chemical fertilizers, negligible in most South and Southeast Asian countries only a few years ago, is now increasing at a very rapid rate. Much fertilizer is being applied to improved varieties of rice and wheat. Although Japan, Korea, and Taiwan's fertilizer production exceeds domestic requirements, many Asian countries lack the means for importing sufficient fertilizers.

India's fertilizer use increased from about 1.2 million tons (nutrient value) in 1966/67 to almost 1.8 million tons in 1967/68, and is scheduled to approach 2.8 million in 1968/69. Value of imports of fertilizer in 1968 is likely to exceed \$300 million, with about 40 percent of the supply coming from the United States. About 60 percent of the fertilizers will be applied to grain crops--particularly rice, wheat, and corn. A major part of the increase in fertilizer will be applied to the high-yielding varieties of grain that are estimated to cover 21 million acres this season out of a total of approximately 300 million sown to all grains.

In Pakistan, fertilizer use is scheduled to increase from about 420,000 nutrient tons in 1968/69 to over 1 million by 1970/71. Over half of the fertilizers used during the 1968/69 season will be imported. Although new fertilizer factories are under construction, imports are expected to increase for some years.

Burma plans to import and distribute some 240,000 tons of nitrate, potash, and superphosphate to be used on IR-8 rice and certain other crops during the 1968/69 season. This will be more than 5 times the volume distributed only 2 years ago. In addition, two fertilizer plants are under construction and targeted for completion by fiscal year 1969/70. The plants are expected to have a combined daily capacity of 400 tons of urea, and will use natural gas from nearby oil fields.

The aim of Indonesia is to make available some 500,000 to 700,000 nutrient tons of fertilizer in 1968. Most will have to be imported. Last year only 167,000 tons of fertilizers were used in all Indonesia. Ceylon has scheduled the import of about 89,000 tons of fertilizer in 1968, almost double the level of the previous year.

Thailand's consumption of fertilizers has increased rapidly during the past 2 years. Consumption, estimated at 141,000 tons in 1966, increased to over 200,000 tons in 1967. Total sales of 250,000 to 300,000 tons have been predicted by trade sources for this year. Recent growth in fertilizer consumption has been most noticeable in the vegetable and fruit garden districts surrounding Bangkok and in the rice growing regions in the Central and North Central Plain. Growth in consumption has been accompanied by less reliance on straight nitrogen fertilizers (ammonium sulphate and urea) and an increase in use of blended fertilizers containing nitrogen, phosphate, and, to a lesser extent, potash. Trade sources predict an overall growth rate of 25 percent per annum in fertilizer consumption over the next 5 years and also estimate an increasing share of the market for blended fertilizers.

Fertilizer consumption in Australia has increased over 50 percent since 1962/63. Prices to farmers of both nitrogenous and phosphatic fertilizers are subsidized. The subsidy scheme for phosphates has been extended from 1969 to 1971 and higher rates of payments were introduced in August 1968.

Other Improved Techniques: Many other measures are being taken to boost farm production. Malaysia, for example, is hoping to become self-sufficient in the production of rice primarily by expanding off-season crop areas. Double cropped riceland in the 1968 season advanced to 157,000 acres, an increase of 50 percent over the previous year. Over 100,000 additional acres of prime land soon will become available for double cropping as the first sectors of the vast Sungei River Irrigation Project reach completion.

Farm mechanization is beginning to have an impact on production, especially via more timely and better plowing and certain other cultural practices. Farmers in India now have about 75,000 tractors, compared with an estimated 32,000 in 1961 and only 10,000 in 1951. The record 1967/68 wheat crop has provided many farmers in northern India with funds to purchase tractors. About one-fourth of all the tractors are located in Punjab and Haryana states. Domestic production in 1968/69 is expected to total 13,000 conventional tractors plus several thousand garden-type tractors. However, this production plus imports of about 5,000 units annually is not expected to satisfy the growing demand. In Pakistan, the number of tractors used by farmers was placed at 19,000 at the beginning of 1968. This number is expected to double by 1971.

The use of pesticides and other plant protection measures is expanding rapidly. The affected area in India is expected to reach 135 million acres in the 1968/69 season, compared with 60 million acres the year before.

External Aid: New approaches to external aid are emerging. In August, the World Bank announced a major expansion of lending to less-developed countries. The Bank plans to roughly double its borrowings in the fiscal year starting July 1, 1968, to enable it to approximately double its lending which totaled \$847 million in 1967/68. The Bank plans to place greater emphasis on agriculture.

The Asian Development Bank (ADB), inaugurated in 1966 with headquarters in Manila, is expected to play a growing role in agricultural development. During its first year and a half, the ADB conducted an Asian agricultural survey, sent an advisory team to Indonesia and a technical assistance mission to Korea, and has agreed to undertake a regional transport survey. One of its first loans went for the modernization of Ceylon's tea processing industry.

Cooperation among countries of the region in agricultural development has been quite limited until very recently. The Association of Southeast Asian Nations (ASEAN), established in August 1967, made an encouraging start at its first annual ministerial conference in Djakarta in August 1968 that could enhance agricultural development in the region. Proposals were adopted for cooperative action in agriculture in such areas as food production and shipping. ASEAN's members are Malaysia, Philippines, Indonesia, Thailand, and Singapore. Even greater promise is offered by the Asian and Pacific Council (ASPAC), formed in June 1966. Its members include New Zealand, Australia, Taiwan, South Vietnam, South Korea, and Japan. Others eligible to join in ASPAC, along with ASEAN, include India, Pakistan, Burma, Cambodia, and Laos. Started in 1966, Ministerial Conferences for economic development of Southeast Asia have been held in April each year. Participating countries are Indonesia, Japan, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam. Agricultural development was a major item of discussion at the April 1968 meeting in Singapore.

A private business organization, the Pacific Basin Economic Cooperation Committee, was formed in May 1968 at a meeting in Sydney, Australia. The organization is composed of business groups in the United States, Canada, Australia, New Zealand, and Japan. Two aims have been stated--the expansion of trade and economic cooperation between the advanced Pacific nations and joint economic aid to the developing countries of Asia and Latin America. Under consideration is the formation of a private investment company for Asia that would provide non-governmental development funds to Asian nations.

Both government and private interests in Japan are accelerating their participation in the development of agriculture in Southeast Asia. Considerable emphasis is being placed on the production of agricultural commodities for import by Japan. In March 1968, the International Agricultural Development Company, financed by 30 private firms, was founded to supply technical assistance and farm requisites to the developing countries of Asia. Joint ventures with Japanese interests are underway or planned for Thailand, Indonesia, Malaysia, and Cambodia.

Japan's Overseas Technical Cooperation Agency (JOTCA), which handles the technical assistance aspect of Japan's Foreign Aid Program, receives more than 1,000 trainees from the developing countries annually; 574 were from Asian countries in 1967. JOTCA also sends experts (70 to Asia in 1967) and young volunteers to aid developing countries. Teams of agricultural experts have been sent to Indonesia, Cambodia, and Thailand.

In addition, Japan also has pledged \$100 million for the Southeast Asian Agricultural Development Fund to be administered by the Asian Development Bank. Some \$20 million was approved by the Diet in April 1968. Japan has indicated that the full \$100 million is contingent on matching contributions from other member countries.

Taiwan is also providing increased assistance to other countries of the region in their programs of agricultural development. Numerous agriculturalists from Southeast Asian countries are being trained in Taiwan and agricultural assistance teams are now in several countries of the region and also in Africa. Taiwan is to be the site of a regional Asian Vegetable Development Center. Seventeen delegates from seven Asian and Pacific countries attended a meeting in August to discuss the establishment of the Center. Participants came from Japan, South Korea, Philippines, Thailand, South Vietnam, United States, and Taiwan.

AGRICULTURAL POLICY

Policies designed to increase national self-sufficiency in foodstuffs remain basic in most Asian countries. Policies to increase agricultural trade within the region are being pushed, particularly by Australia and Japan.

In Japan, the official government price payable to producers for the 1968 rice crop was set at 20,672 yen per 150 kilograms (\$420.66 per ton, milled basis). This represents a 5.9 percent increase over the 1967 price, and is more than double the f.o.b. price for California rice, the highest valued rice imported during the 1967/68 season. The 1968 wheat crop will be marketed under new contract arrangements between producers and millers. Farmers who contract their crops directly with millers will receive the basic wheat price of 3,170 yen per 60 kilos (\$4 per bushel) set by the Food Agency, plus a small bonus. Wheat produced in excess of the contract is not eligible for the bonus but can be marketed at the basic price.

The Ministry of International Trade and Industry (MITI) announced in August 1968, that a priority goal in the next year would be the stimulation of imports of primary products from Southeast Asia. MITI said that a quasi-governmental organization, the Asian Trade Promotion Corporation, would provide developing countries in Southeast Asia with equipment and advice for the improvement and

modernization of agriculture and other primary goods production. The object of this assistance will be to make Southeast Asian countries more competitive in their supply of agricultural products and other raw materials to the Japanese market.

Proposals for a new 5-year stabilization plan for Australian wheat growers have been announced. The plan includes a departure from the traditional practice of linking the guaranteed price to the cost of production. A main feature of the plan is that the guaranteed price would be \$1.62 per bushel for the coming season, subject to adjustment in future years.

A plan is under consideration in Australia to consolidate farm producer organizations into one national Australian Primary Producers' Federation. Groups involved are: Australian Wool and Meat Producers Federation, Australian Primary Producers' Union, the Australian Wheat Federation, and the National Farmers' Union.

In Australia, increasing emphasis is being placed on trade with Asian countries. These countries--with high population growth rates and rising standards of living--offer a growing market for agricultural exports.

In New Zealand, budget recommendations for 1968/69 include a revision of the fertilizer transport subsidy for farmers adopted in 1965. Government payments are to be increased from \$1.7 million last season to \$4.3 million. A government program adopted in early 1968 featured seasonal financing to aid sheep farmers during periods of depressed prices; it is reported to have been extended to dairy farmers. The guaranteed price for butterfat used in butter manufacture has been reduced from 30 cents in 1967/68 to 29 cents.

Aroused by the long downtrend in the price of rubber, Malaysia intensified its diversification program to reduce the dependence on a single item. Emphasis is placed on continuing inducements to plant oil palm.

This report was prepared under the direction of Clarence E. Pike, Chief, Far East Branch. This report updates a more comprehensive report published in April 1968: The Far East and Oceania Agricultural Situation--Review of 1967 and Outlook for 1968, ERS-Foreign 223.
